UNCLASSIFIED

TI C24 14.02

E0 12958 1.6(d)(1)>10<25Yrs

85 6734994 55

NC 6734994

-8 65

RR RUEATIB
ZNY SSSSS ZOC STATE ZZM
STUZBSZ
RR RUEHC
DE RUEHSJ #2259/D1 0732119
ZNY SSSS ZZH
R 142036Z MAR 85
FM AMEMBASSY SAN JOSE CS
TO RUEKUS/SECDEF WASHOC
RUEHC/SECSTATE WASHOC 0273
INFO RUEDEHA/USCINCSD QUARRY HTS PN /5CU5-PM'/
RUEPARA/CDRUSASAALA FT CLAYTON PN/ /MOLA-SC!/
RUEAMO/HQDA WASHOC//DAMO-SSA-DALO-SAC!/
RUEAMOA/HQUSAF WASHOC//DAMO-SSA-DALO-SAC!/
RUEAMOA/HQUSAF WASHOC//PRI/
RUEAMOA/CDRUSASABAD FT REAS MASHOC
RUYAFLC/OISAM WPAFB-OH
RUCLAKA/CDRUFKSWC FT BRAGG NC
BT
SE C R E T SAN JOSE CS 02258

STATE PASS AID, DMB, ACDA

E.O. 12356. DECL DADR
TAGS MASS CS
SUBJECT SECURITY ASSISTANCE: MAUAL INTEGRATED
ASSESSMENT OF SECURITY ASSISTANCE
(ALASA) - COSTA RIGA

REF - STATE 014321 (DTG 1611052 JAN 891

. SECRET ENTERE JEXT.

2. SUMMARY: UNITED STATES SECURITY ASSISTANCE IN THE FORM OF ESF AND MILITARY SECURITY ASSISTANCE IN THE FORM OF ESF AND MILITARY SECURITY ASSISTANCE IMPAINABLED OF THE STATES AND ALEXA. ESF SHOULD BE MAINTAINED AT THE LEVELS RECOMMENDED HEREIN, AND MAP SHOULD BE REDUCED PROMINED FOR SUSTAINMBILITY OF THE DEFENSE ARTICLES AND THE CONTINUING SERVICES RECENTLY PURCHASED. AND THE CONTINUING SERVICES RECENTLY PURCHASED. AND THE CONTINUING SERVICES RECENTLY PURCHASED. AND THE SECURITY FORCES, THROUGH TRAINING, IN BOTH OPERATIVE AND MAINTENANCE SKILLS. PRINCIPALLY DUE TO UNITED STATES SECONGRIC ASSISTANCE TO GATE, COSTA BIGA MAS MADE SIGNIFICANT AND MEASURABLE PROGRESS AND FROM THE FINANCIAL MALAISE ENCOUNTERED BY THE CURRENT ADMINISTRATION OF PRESIDENT MODE IN MAY OF 1882. LIKE PROGRESS MAS BEEN MADE IN THE COUNTRY'S OVERALL SECURITY. COSTA BICA LOOKS TO THE UNITED STATES AS A FRIEND: MAS SUPPORTED OUR INITIATIVES TO BRING PEACE AND ECONOMIC STABILITY TO THE REGION: AND BRING PEACE AND ECONOMIC STABILITY TO THE REGION: AND MAS BEEN EXTRAOODINARILY COOPERATIVE IN SUPPORT

P 1.5 (c) DOD



UNCLASSIFIED

85 6734994 \$58

. .... NC 6734994

OF OUR DEFENSE INITIATIVES GIVEN ITS STRONG AND TRADITIONAL AVERSION TO THINGS RILITARY. WITHOUT OUR ECONOMIC. ROLITICAL. AND MILITARY ASSISTANCE. THIS UNIQUE DEMOCRACY WOULD BE SORELY OMALENGED. PERHAPS BEYOND ITS CAPABILITY, TO MAINTAIN TRADITIONS WE AND THEY CHERISH.

### 3. THE FOLLOWING IS KEYED TO PARAGRAPH 4 OF REFTEL:

A. U.S. POLITICAL, MILITARY, AND ECONOMIC INTEREST: IT IS OF SIGNIFICANT AND DIRECT POLITICAL INTEREST TO THE USG TO PRESERVE THE DEMOCRATIC INSTITUTIONS OF COSTA RICA WHICH EXEMPLEY THE KIND OF DEMOCRATIC DEVELOPMENT THE UNITED STATES PROMOTES IN THE REGION. THE GOOR STRONGLY EMPHASIZES ITS POLITICAL AND TOPOLOGICAL TIES TO THE UNITED STATES AND COMMITMENT TO THE VALUES OF MESTERN DEMOCRACY, MILITARY NEUTRALITY, THE MONGE ADMINISTRATION VICOROUSLY ADVOCATES THOSE VALUES IN THE IDEOLOGICAL STRUGGLE. THE PRESERVATION AND STRENGTHENING OF COSTA RICAN DEMOCRACY IS ESSENTIAL TO COUNTERING FORCES IN CENTRAL AMERICA WHICH MOULD IMPOSE A MARKIST-TOTALITARIAN MODEL FOR DEVELOPMENT.

IN PURSUIT OF THIS OBJECTIVE, UNITED STATES SECURITY ASSISTANCE IN THE FORM OF GRANT AID SHOULD BE MAINTAINED DURING THE YEARS DISCUSSED IN THIS ALASA 1987-811. MILITARY ASSISTANCE, GIVEN THE PRESENT CIRCUMSTANCES, SHOULD BE REDUCED FROM CURRENT LEVELS TO ONE THAT SUSTAINS EQUIPMENT PROMISED IN 1984-85. AND MAINTAINS ITHODUCH TRAINING THE PROFESSIONAL DEVELOPMENT OF THE COSTA BICAN PUBLIC SECURITY FORCES IPMESECTORY LESS JUSTIFICATION AND RECOMMENDED FUNDING LEVELS ARE DISCUSSED IN PARAGRAPHS 3... I... AND 3... M.1

QUE SECURITY ASSISTANCE RELATIONSHIP. BETH COSTA RICA SERVES U.S. INTERESTS IN ASSURING THAT THIS EXEMPLARY CENTRAL AMERICAN DEMOCRACY HAS A CAPACITY TO RESIST ANY EFFORT BY ITS EVEN-SIGNEST MARKIST-LENINIST NEIGHBOR TO UNDERMIKE ITS SYSTEM THE TYPE OF ASSISTANCE PROPOSED, ALTHOUGH LIMITED IN SCOPE, IS DESIGNED TO PROVIDE THE COSTA RECAN COVERNMENT WITH A LIGHTLY-RINED MOBILE CONSTRUBLARY CAPABLE OF PUFFICURE SSENITAL MATTONAL DEFENGE AND INTERNAL SECURITY FUNCTIONS. ALTHOUGH THERE IS NO SIGNIFICANT SUPPORT FOR CHANGING COSTA RICA'S

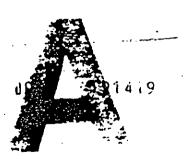
STATE PASS AID. CHE. ACOA

E.O. 12358: DECL GADR TAGS MASS CS SUBJECT: SECURITY ASSISTANCE: AMMUAL INTEGRATED

CONSTITUTIONAL PROHIBITION AGAINST A STAIDING ARMY.
THE COUNTRY'S LEADERS ARE FULLY COMMITTED TO DEVELOPING A MODERNIZED PUBLIC SECURITY FORCE WITH THE IMPREWITHAL TO PATROL NATIONAL LAND AND SEABORDERS AND
PROVIDE AT LEAST THE FIRST LINE OF DEFENSE FOR THE
NATIONAL SOVEREIGNT:

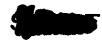
IN THE EVENT OF OVERT AGRESSION AGAINST COSTA RICA, THE GOOR WILL IMMEDIATELY INVOKE THE RID TREATY WHON COSTA BICANS REFER TO AS "THEIR ARMY." COUNT OF THE COLUMNY'S CLOSE SECURITY RELATIONSHEP WITH THE UNITED STATES, COSTA RICA MORED ELECTURE, FORCES TO BE IN "HE FOREFRONT IN RESPONSE TO ANY SUCH AGGRESSION. COSTA RICANS" VIEWS REGARDING





UNCLASSIFIED

MORI DocID: 756976



25 6734994

٠٠ •٠ MILITARY FORCES AND THE GOCK'S MEUTRALITY POLICY PRICLUDE BASING OF U.S. FORCES IN THE COUNTRY, AND THE USG MUST REMAIN ATTUNED TO COSTA RICAL ARTI- MILITARIST SENSIBILITIES MONETHELESS DRIVEN IN CARGE FART BY COSTA RICAN FEAR OF MICARAGIA'S LAPARCEDENTED MILITARY BUILD-UP. THE GOOR HAS LAPARCEDENTED MILITARY BUILD-UP. THE GOOR HAS LAPARCEDENTED MILITARY BUILD-UP. THE GOOR HAS SHELD UP SET ALL FORCES MIT'S LAND DIMER MIT'S! SMIP VISITS, HIGH ALTITUDE HILICOPTER TRAINING. USCE DRUG EMPORCEMENT PATROLS. AND PROVIDED FULLING AND LAVOVER RICHTS TO NUMBROUS TACTICAL/SERVICE AIRCRAFT AND MAVAL VESSELS. THESE ACTIONS REFLECT COSTA RICAN TRUST AND CONFIDENCE IN THE USG TO HELP RELIMPORCE THEIR SECURITY WITHOUT PURSHING THEM TO REINFORCE THEIR SECURITY WITHOUT PUSHING THEN TO MILITARIZE.

REIMFORCE THEIR SECURITY WITHOUT PUSHING THEM TO MILITARIZE.

COSTA RICA'S PRINCIPAL SECURITY THREAT EMANATES FROM THE TROUBLED CENTRAL AMERICAN ISTHAUS AND SPECIFICALLY MICARAGUA. THE INCREASINGLY BELLIGERENT ATTITUDE OF THAT COUNTRY TOWARD COSTA RICA IN THE PAST THREE YEARS HAS BROUGHT THEIR BILATRAL RELATIONS TO THE LOWEST POINT IN RECENT TIMES. COSTA RICA IS OVERHELMED BY THE THREAT REPRESENTED BY THE MICARAGUAN ARMED FORCES, THEIR INTRANSIGENCE TOWARD REAL PROGRESS IN A PEACEFUL SOLUTION TO THE CENTRAL AMERICAN CRISIS. AND THEIR, THEY FAR UNTILLINORSS TO IMPLEMENT THE PROMISES OF THE 1978 REVOLUTION OF A PLURALISTIC NICARAGUAN STATE -- AN OBJECTIVE TO WHICH COSTA RICA CONTRIBUTED CONSIDERABLY IN THE REBELLION AGAINST SOMOZA. THEY ARE GREATLY CONCERNED OVER CLEAN, SOWIET. EAST GERMAN, AND PLO PRESENCE IN MICARAGUAL COVER THE EVER INCREASING NUMBERS OF NICARAGUAN. ET AL, REFUGES SEEKING HAVEN IN COSTA RICA OVER THE SCOPE AND INTENSITY OF THE MICARAGUAN-CURAN PROPAGANDA CAMPAIGN TO DEFAME COSTA RICA AND WITH THEIR TREDITIONAL WISTERN DEMOCRATIC ALLIES: AND MINESTA FORCES ON THE SOUTHERN FRONT, MICARAGUAN ANTI-SANDINISTA ELEMENTS OPERATE LARGELY USTA ALSO FRE-OWENITY USE COSTA RICAN TERRITORY AS SANCTEMPY AND AS A SOURCE OF LOGISTICAL AND MEDICAL SUPPRIT.

THE TARGET OF AT LEAST THO ASSASINATION ATTEMPTS. AND AS A SOURCE OF LOGISTICAL AND MEDICAL SUPPRIT.

THEIR CROSS-BORDER ACTIVITY. BUT ARE BELIEVED TO MAVE BEEN THE CATALYST OF SWERAL BORDER IN THE TERRITORY AS SANCTEMPT AND AS A SOURCE OF LOGISTICAL AND MEDICAL SUPPRIT.

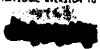
THEIR CROSS-BORDER ACTIVITY. BUT ARE BELIEVED TO MAVE BEEN THE CONTAR ACTIVITY. BUT ARE BELIEVED TO MAVE BEE

COUNTERING THE FOREGOING IS THE COSTA RICAN PURSECFOR, ABOUT 8.000 STRONG (COMPRISED OF THE CIVIL

STATE PASS AID, OHB. ACDA

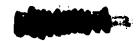
E.O. 12256: DECL: DADR TAGS: MASS CS SUBJECT: SECURITY ASSISTANCE: AMMIAL INTEGRATED

(4.500) MD RURAL (3.500) GUARD), HAMPERED IN 175' CAPABILITY BY THE DEEP SEATED MATIONAL AVERSION TO





# UNULASSITIED



85 6734994 \$51

BACK M

NC 4734994

THINGS MILITARY, THE DEBILITATING ECONOMIC SITUATION, AND ITS OWN LACK OF PROFESSIONAL STRUCTURE AND ORGANIZATION. THE GOOR IS CONCERNED ABOUT THE PROBLEM, MAS MADE SIGNIFICANT PROGRESS TOWARD IMPORTURED. AND MAS MADE EXCELLENT USE OF OWN MILITARY SECURITY ASSISTANCE PROGRAM TO DATE. THE FURDAMENTAL IMPEDIMENT TO FORCE DEVELOPMENT MAS BEEN THE MOLESALE TURNOVER OF THE PUBSECTOR THROUGH POLITICAL PATROPHAGE PRACTICED BY SUCCESSIVE ADMINISTRATIONS. WE BELIEVE THAT PRACTICE IS UNDER SERIOUS REVIEW BY THE CURRENT ADMINISTRATION AND THE TWO PRESIDENTIAL CANDIDATES. WE ARE RENCURACED THAT SOME RELIEF IN THAT REGARD IS FORTH-COMING MAION WILL MOST LIKELY TAKE THE FORM OF CIVIL SERVICE TYPE PROTECTION FOR THE MORKING LEVELS OF THE PUBSECTOR.

AS PREVIOUSLY MENTIONED COSTA RICA'S DEFENSE SHIELD IS THE RID TREATY. HOWEVER, INVOKING THE TREATY IN RESPONSE TO SUBVERSION, INSURCENCY, OR INTERNATIONAL TERRORISM IS PROBLEMATIC. IDEVELOPING A DOMESTIC CAPABILITY FOR RESPONDING TO SUCH THREATS IS ESSENTIAL TO THIS COUNTRY'S DEFENSE REQUIREMENTS I. U.S. ASSISTANCE IS CRUCIAL TO OUR JOINT EFFORTS TO COURRONT/CONTAIN THESE THREATS.

UNFORTUNATELY THE GOOR SIMPLY CANNOT AFFORD THE PRICE OF ENHANCING THE PUBSECTOR. REVIEWING THE ECONOMY OF COSTA RICA IS THE MAJOR POLITICAL CHALLENGE TO THE MOVICE ANDIMISTRATION, AND AUSTRATIVE BUDGETS ARE THE PRINCIPAL IMPEDIMENT TO A GOOR-FINANCED PROGRAM TO ENHANCE THE PUBSECTOR USG POLITICAL AND MILITARY INTERESTS ARE IN TURN DIRECTLY RELATED TO THE ECONOMIC STABILITY OF THE COURGRY.

B. U.S. OBJECTIVES OF THE SECURITY ASSISTANCE PROGRAM:

THE PRINCIPAL OBJECTIVE IS THE DEFENSE NO PRESERVATION OF THE LONG ESTABLISHED DEMOCRATIC INSTITUTIONS OF COSTA RICA WHICH SERVE AS A MODEL AND IDEOLOGICAL COUNTER-BALANCE TO MARKIST PRINCIPATION IN THE CENTRAL AMERICAN ISTHMUS IN TERMS OF MILITARY SECURITY ASSISTANCE THIS IS ACCOMMISSED BY THE SETABLISHENT AND MAINTENANCE OF A VIABLE DEFENSE FONCE WITHIN THE PRESENT STRUCTURE AND SIZE OF THE CIVIL AND RURAL GUARD THAT GIVES THE CAPABILITY

(1) ADEQUATELY SURVEIL THE LAND/SEA/AIR -

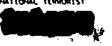
(2) MAINTAIN INTERNAL ORDER AND CONTROL AS IT PERTAINS TO OUTSIDE SUPPORTED TERRORISM AND/OR SUBVERSION.

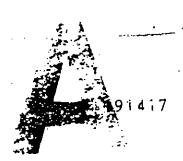
- 131 PEACT REINFORCE AS NECESSARY OTHER LINE ELEMENTS OF THE CIVIL AND RURAL QUARD.

INT. INITIALLY DEFEND TO THE EXTEND POSSIBLE 4 AGAINST OVER OUTSIDE AGGRESSION UNTIL THE INTER-AMERICAN TREATY OF RECIPROCAL DEFENSE (RIO TREATY) COULD BE INVOKED.

C. STATEMENT OF THE THREAT

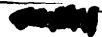
11). EXTERNAL: COSTA RICA'S ONLY EXTERNAL THREAT AT THE PRESENT TIME IS NICARAGUA AND THOSE COUNTRIES ICUBA, SOVIET UNION, EAST GERMAN, NORTH KOREA, LIBYA, ET ALI AND INTERNATIONAL TERRORIST





USCLASSIFED

# UNGLASSITIED



65 6734994 55

pire -

K 4734994

DEGAMIZATIONS IPLD. MONITUREDS, RASOLE ETA, ITALIAN ETO BEIGADE, ET ALI MHICH PROVIDE THAT COUNTS. SUSTEMANCE AND ADVICE COSTA RICA EXLIEVES THAT AN OVERT DEMONSTRABLE ATTACK AT THIS POINT IS UN-

ur L

STATE PASS AID. ONE, ACDA

E.O. 12356 DECL: DAOR 14GS. MASS CS SUBJECT SECURITY ASSISTANCE, ANNUAL INTEGRATED

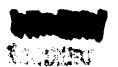
LIKELY, PRINCIPALLY BECAUSE THE CONTRA SOUTHERN FRONT
IS YEAK, DISORGANIZED, AND ITS MILITARY ELEMENTS
ARE GENERALLY INSIDE MICARAGUA (ALBEIT DEPENDENT
UPON COSTA BICAN TERRORITY AND GOODWILL FOR RESUMPLY
AND SAFEHAVENI, MERE THE CONTRAS TO BECOME A MORE
SIGNIFICANT THERAT TO THE GON THAN THEY PRESENTLY ARE
AND WERE THE SITUATION GENERALLY TO TURN IN THEIR
FAVOR, AN ATTACK UPON COSTA RICA BECOMES A GREATER
POSSIBILITY ALPONOM WE STILL RATE THE PROGRABILITY LOV.
COSTA RICA DOES BELIEVE THAY NICARROMAN HIM THE SUPPORT
OF THOSE STATES AND GROUPS MENTIONED ABOVE, ARE NOW
PRESENTLY, AND WILL CONTINUE TO BE, IMPOLYED IN
SURVERSIVE AND TERRORIST ACTIVITIES, EITHER DIRECTLY,
COR IN A SUPPORTING ROLE, WITH LOCAL DISAFFECTED
LEFTIST ELEMENTS WITHIN THE GOOR AND THE COUNTRY
MISSION AGREES WITH THAT ASSESSMENT.

MISSION AGRES WITH THAT ASSESSMENT

(21. INTERNAL: INTERNAL INSTABILITY MAS
SEEN MOST NOTABLY DEMONSTRATED TO DATE IN TERMS OFLEFTIST LABOR ACTIVITY. WITH THE RECENT STRIKE IN
THE SOLTHERN PACTIVE BANAN PRODUCING REGION BEING
THE MOST OBVIOUS AND COSTLY. ANOTHER POTENTIALLY
PRODUCING REGION ALONG THE ATLANTIC CORST IN LINON
A GROWING MERCUTICS PROBLEM BOTH IN TERMS OF LICALLY
A GROWING MARCOTICS PROBLEM BOTH IN TERMS OF LICALLY
A GROWING MARCOTICS PROBLEM BOTH IN TERMS OF LICALLY
A GROWING MARCOTICS PROBLEM BOTH IN TERMS OF LICALLY
A GROWING MARCOTICS PROBLEM BOTH IN TERMS OF LICALLY
THAT GROWING PRESSURE IN COCAINE PRODUCING COUNTRIES
THAT GROWING DESSURE IN COCAINE PRODUCING COUNTRIES
TO THE SOUTH DE COSTA RICA IS BEGINNING TO CREATE A
GROWING USE OF THIS COUNTRY AS A TRANSMIPMENT POINT
FOR BOTH AIRCRAFT AND SHALL OCEAN GOING VESSLS. A
MORE RECENT, AND SIGNIFICANT, EVENT WAS THE MOBBLY
OF A BINK IN QUANCASTE BELIEVED TO HAVE BEEN
CARRIED OUT BY LEFTIST ILEMENTS FOR POLITICAL PURPOSES
VICE & TRADITIONAL CRIMINAL ACT FOR PERSONAL GAIN.
FINALLY, THERE IS EVIDENCE SUGGESTING THAT FRUSTRATED
VOLNICE MEMBERS OF THE COSTA BICAM RADICAL LEFT ARE
BECOMING DISENDANTED WITH TRADITIONAL LEFT ARE
BECOMING DISENDANTED WITH TRADITIONAL LEFT THEIR
CROUPS' OVERT LEGAL EFFORTS. AND ARE SPONING INCREASING INTEREST IN MOME VIOLENT MEMBERS THEIR
CROUPS' OVERT LEGAL EFFORTS. AND ARE SPONING INCREASING INTEREST IN MOME VIOLENT MEMBERS THEIR
CROUPS' OVERT LEGAL EFFORTS. AND ARE SPONING INCREASING INTEREST IN MOME VIOLENT MEMBERS THE THEIR
CROUPS' OVERT LEGAL EFFORTS. AND ARE SPONING INCREASING INTEREST IN MOME VIOLENT MEMBERS THE THEIR
CROUPS' OVERT LEGAL EFFORTS. AND ARE SPONING INCREAS-

(3). STRATEGY FOR RESPONDING TO THREAT. IN LARGE PART, THROUGH THE U.S. MILITARY SECURITY ASSISTANCE PROGRAM, THE GOOR IS IMPROVING THE PUBSICIOR CAPABILITY ACROSS THE BOARD IN LAND, SEA, AND ELEMENTS, INTILLIGENCE CAPABILITY, AND COUNTERTERNORIST, SINCHARLITY, CONSIDERABLE PROGRESS MAS REEM MADE OR IS UNDERWAY IN THE LAST TWO YEARS (ECONOMIC AND POLITICAL ASSISTANCE IS ADDRESSED IN FOLLOWING PARAGRAPHS).

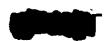
14). LAND FORCES: THE CIVIL AND RURAL CUARD HAVE RECEIVED EXTENSIVE LAND OPERATIONS RELATED TRAINING IN SURVEILLANCE, LEADERSHIP DEVELOP-





MORI DocID: 756976

# <u>IMOLIOOITICO</u>



PACE COS

NC 6734994

ALR ES

MENT, WEAPONS USE, COMMUNICATIONS, AND MAINTENANCE.
THE CIVIL GUARDS' 1940'S VINTAGE ARMS AND MAINTENANCE.
THE CIVIL GUARDS' 1940'S VINTAGE ARMS AND MANUITION
ARE BEING REPLACED WITH MODERN SHALL ARMS RETFLES.
MACHINE GUAS. RECOILLESS RIFLES, GRENADE LAMNOWERS.
MORTARS, MO ASSOCIATED MUNITIONS!. THIS VILL ALLOW
THE PASSAGE OF THEIR DATED, BUT GENERALLY SERVICEABLE
ARMS, TO THE RURAL GUARD (NOW LARGELY ARMSO WITH .38
REVOLVERS) AND TO THE CIVIL GUARD RESERVE INHICH
REPULACES THE ORGANIZATION FOR HATIOMAL BUMPOSED BY PRESIDENT MONGE. THEIR
COMMUNICATIONS AND TRANSPORTABLIST SITUATION HAS
GREATLY IMPROVED ALTHOUGH IT STILL MAS GAPS. THE
MOST SIGNIFICANT IMPROVEMENT IS THE CREATION OF
FOUR REACTION-ARMS SURVEYSION COMPANIES PRESENTLY
LANGEWAY. THESE COMPANIES WILL BE PROVIDED
SUFFICIENT TRAINING, COMPANIES WILL BE PROVIDED
AND FIRE-POWER TO EMBLE THEM TO RESERVED OR OPERATE AND FIRE-POVER TO EMBLE THEM TO REINFORCE OR OPERATE

STATE PASS ALD. OHE, ACDA

E.O. 12356. DECL. DADR TAGS: MASS CS SUBJECT SECURITY ASSIST SECURITY ASSISTANCE: ANNUAL INTEGRATED

ANYWHERE IN COSTA RICA. EITHER SEPARATELY OR UNDER A BATTALION STRUCTURE THAT HAS NOT BEEN HERETOFORE POSSIBLE. BUT IS SORELY REQUIRED.

HE I. SEA ELEMENT. THE COSTA RICAN MARITIME SECTION OF THE CIVEL GUARO ICS MARSECE HAS RECEIVED EXTENSIVE TRAINING FROM NAV SCIATTS-PANIMA, MIT'S, USCO, AND CONTRACTOR PROVIDED MAINTENANCE TRAINING FROM BOTH SUIFFSHIPS AND MITU MARINE DIESEL. THEY MAVE BEEN PROVIDED 13 EACH BOSTON WHILER RIVER PATROL CRAFT, REPAIR OF THEIR OCEAN-COING SUIFFSHIP PATROL BOATS, AND A PURPOWASE OF TWO ADDITIONAL 34-FOOT OCEAN PATROL CRAFT IS MODER-WAY THE OCEAN CRAFT ARE ARMED WITH NEW .50 GALIBER. MACHINE GUYS, MODERN COMMANICATIONS HMICH EMBLE COMMUNICATIONS WITH AIR AND LAND ELEMENTS! AND NAVIGATION EQUIPMENT. THEIR CAPABILITY TO SURVEIL. NAVIGATION EQUIPMENT. THEIR CAPABILITY TO SURVEIL. NAVIGATION EQUIPMENT. THEIR CAPABILITY SO IN SIX NOT ENHANCED AND WILL BE SIGNIFICANTLY SO IN SIX ID TEN MONTHS AS ALL OF THE ABOVE COMES TOGETHER IN COUNTRY. IN COUNTRY.

LC1. ALR ELEMENT. THE COSTA RICAN
AIR SECTION OF THE CIVIL GUARD ICS AIRSECT HAS RECEIVED
EXTENSIVE MAINTENANCE AND OPERATIONS TRAINING FROM
HAFFA - PANAMA. HTT'S. AND CONTRACTOR PROVIDED
MAINTENANCE FROM HUGHES HELICOPTER LAND WILL SHORTLY
RECEIVE SIMILAR TRAINING FROM CESSMA-SOLDY). THEY
HAVE BEEN PROVIDED ONE HUGHES SOOP HELD AND WILL
RECEIVE ANDTHER IN APRIL 1985. THEY WILL RECEIVE
TWO EACH CESSMA SOLDY RECCE AIRCRAFT IN JULY 1985
AND A THIRD SHORTLY THEREAFTER. THEY NOW MAYE THE TWO EACH CESSMA SOLGY RECCE AIRCRAFT IN JULY 1985
AND A THIRD SHORTLY THEREAFTER. THEY NOW MAVE THE
CAPABILITY FOR LONG AND SHORT RANGE COMMUNICATIONS
WITH THE PUESECYOR AND MARSEC BOTH FROM THEIR
OPERATING BASE AND THEIR AIRCRAFT. THEIR CAPABILITY
TO "ELLIFT SMALL ELEMENTS, AND CONDUCT EGGOER ORUG
RECOMMISSANCE, AND SAR OPERATIONS HAS BEEN LOR SOON
WILL BE! GREATLY EMMANCED.

- 101. INTELLIGENCE AND COUNTER-TERRORISM. IN MART THROUGH EFFORTS UNDER MILITARY SECURITY ASSISTANCE, BUT IN LARGER PART THROUGH THE SFFORTS OF OTHER AGENCIES INCLIGING DEPARTMENT OF STATE ANTI-TERRORISM TRAINING PROGRAMS, THESE THO MEAS ARE UNDERSOING THE MOST SECRETICANT CHANGE IN





## me rectifi



PAGE 007

NC 6734994

RECENT TIMES IN COSTA RICA MOREOVER, THE REQUIREMENT TO INTERFACE THESE ELEMENTS WITH THOSE OF THE PLESSCEDE IS BETTER UNCLRESTOON AND CARRIED OUT THAN AT ANY OTHER TIME IN RECENT HISTORY

TIME IN RECENT HISTORY

O. TYPE MILITARY ESTABLISHMENT. THE CSPUESECFOR WILL NOT DRASTICALLY CHANGE IN SIZE AND
ORGANIZATION. THERE IS A STRONG DESIRE ON THE PART
OF THE CURRENT GOOR AND SIMILAR INTEREST FROM THE
TWO PRESIDENTIAL CANDIDATES LONE OF WHICH WILL TAKE
OFFICE IN MAY 1888 TO PROFESSIONALIZE (TRAIN AND
EOUIP) AND STABILIZE KEY ELEMENTS OF THE PUESECFOR.
THE PROFESSIONALIZATION AND STABILIZATION OF THE
PROFESSIONALIZATION AND STABILIZATION OF THE
PROSECFOR ARE KEY TO COSTA RICA'S SECURITY AND
THE PRESENT LACK THEREOF IS THE FINDAMENTAL BASIS
FROM WHICH NEARLY EVERY OTHER SHORTCOMING STEWS.
WHAT HAD MORKED WELL IN THE COSTA RICAN POLITICAL
CONTEXT REGARDING SECURITY FROM THE ABOUTTON OF THEIR
ARMY IN 1949 UNTIL THE REVOLUTION IN MICARQUA IN
1979 DOES NOT WORK WELL NOW. THAT FACT IS BEING
MORE WIDELY RECOGNIZED NOW THAN EVER BEFORE AS THEIR
BILATERAL RELATIONS WITH MICARQUA BECOME MORE AND
MORE PROBLEMATICAL. INASMUCH AS WE HAVE BEEN ABLE
TO MAKE SIGNIFICANT MEADWAY IN EQUIPMENT AND TRAINING.
AND HAVE SOME REAL HOPE FOR A POLITICALLY ACCEPTABLE
FORMALE TO MAINTAIN KEY ELEMENTS OF THE PROSECFOR
OFGRADLESS OF WHICH PARTY TAKES THE REINS, THE GOALS
FOR OUR MILITARY ASSISTANCE PROGRAM SHOULD BE CONTINUED MODERNIZATION/UPGRADING OF THE PROSECFOR
THROUGH TRAINING, AND EQUIPMENT SUSTAINABILITY THROUGH
STATE PASS ALD. OMS, ACDA

STATE PASS AID, DHE, ACDA

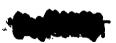
E.O. 12396. DECL DADR TAGS MASS CS SUBJECT: SECURITY ASSISTANCE: ANNUAL INTEGRATED

SPARES PURCHASE.

### E. ECONOMIC IMPACT:

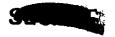
THE AMOUNT OF MILITARY ASSISTANCE CONTEMPLATED DURING THE PERIOD UNDER CONSIDERATION WILL MET HAVE A SIGNIFICANT IMPACT ON THE OVERALL ECONOMY. BALANCE OF PAYMENTS SITUATION OR IMPLATION, IMAGENCO-AS WE ARE REQUESTING SUSTAINING SUPPORT VICE NEW EQUIPMENT PURCHASE. HOVEVER, THERE WOULD BE AN APPRECIABLE IMPACT ON THE BUDGETS OF THE MINISTRY OF PUBLIC SECURITY CIVIL GUARDI AND THE MINISTRY OF COVERNMENT AND POLICE (RURAL GUARD) WERE THOSE MINISTERIES TO UNDERTAKE FUNDING THE PROPOSED ACTIVITIES THEMSELVES. IN THIS CASE, THE ADDED EXPENSE COULD IMPACT GOOR EFFORTS TO CONSTRAIN THE OVERALL BUDGET DEFICIT TO COMPLY WITH IMP RECUIRMENTS, OR WOULD HAVE TO COME OUT OF THE BUDGETS FOR EXISTING CIVILIAN PROGRAMS.

THE 1985 BLOGETS FOR BOTH MINISTRIES COMEINED TOTAL AGOUT 2R MILLION DOLLARS, REPRESENTING ABOUT ONE PERCENT OF PROJECTED 1985 GOP AND NEARLY SIX PERCENT OF THE YOTAL CENTRAL GOVERNMENT BLOGET. THIS FIGURE REPRESENTS A PER DAY PER CAPITA EXPENDITURE OF 12 DOLLARS FOR EACH MEMBER OF THE PURSECTOR, WHICH COSES ALMOST ENTIRELY TO SALARIES, FDOD, AND HOUSING, VERY LITTLE, IF ANY, REMAINS FOR EQUIPMENT AND TRAINING, WHILE THE BLOCKT FOR EQUIPMENT AND MACHINERY PURCHASES HAS BEEN INCREASED SOMEWAY. TO APPROXIMATELY 284,000 DOLLARS, ROUGHLY ONE CHARTER OF THE TOTAL BLOCKT WILL BE SPENT ON INTERIALS AND SUPPLY PURCHASES. HOWEVER, THE MALORITY OF









10 85

\$58

NC 6734994

EXPENDITURES FOR EQUIPMENT WILL CO TOWARD UPGRADING COMMUNICATIONS EQUIPMENT, AND THE CATEGORY FOR MATERIALS AND SUPPLIES INCLUDES A MAMBER OF EXPENSES RANGING FROM PETROLEUM PRODUCTS TO OFFICE SUPPLIES TO MIDICINES. WAGES AND SALARIES ARE BY FAR THE LARGEST SINGLE OUTLAY IN THE OFFINES BUGGT, ROUGHLY TWO-THIRDS. ASSUMPTION OF FUNDING FOR THE MILITARY ASSISTANCE PROGRAM BY THE GOOR WOULD RESULT IN A MIDIPPING TEN-FOLD INCREASE IN EUPPROTITURES FOR MACHINERY AND EQUIPMENT PURCHASES. AND AM EIGHT PRICENT INCREASE IN THE OVERALL DEFENSE BUGGT, IMPACT ON THE TOTAL CENTRAL GOVERNMENT WOULD BE LESS SPECTACLAR. BUT NEVERTHELESS MOULD MAKE GOOR EFFORTS TO MEET HAT HORSE OFFICULT. IN REALITY, IT IS IMPROBABLE THAT HORSE OFFICULT. IN REALITY, IT IS IMPROBABLE THAT THE OPERANCE OFFICER FORGER FOR WOLD UNDERSTANCE.

F. ARMS CONTROL:

THE PROPOSED SECURITY ASSISTANCE TO COSTA RICA IS ENTIRELY CONSISTENT WITH THE GOOR'S LONG STANDING POLICY OF MAINTAINING A LIMITED PARA-MILITARY CONSTABILITY OF MAINTAINING ITS BORDERS AND MAINTAINING SULARY CAPABLE OF POLICING ITS BORDERS AND MAINTAINING INTERNAL SECURITY. COSTA RICA IS LOCATED GEOGRAPHICALLY IN A REGION BESET WITH SERIOUS OPMLENGES 3D THE ESTABLISHED GOVERNMENTS. AND THE GOOR REQUIRES THE MILITARY MEREVITHAL TO DEFEND ITS DEMOCRATIC SYSTEM MILITARY MEREVITHAL TO DEFEND ITS TERMINORIAL NEIGHBORS. INTEGRITY. CURA AND NICARAGUA. AMONG REGIONAL NEIGHBORS. MAY ATTACK THE LIMITED SECURITY ASSISTANCE PROCAMM AS A USG EFFORT TO DISTORT COSTA RICA'S CIVIL TRADITION AND MILITARIZE THE SOCIETY. DOMESTIC ELEMENTS ON THE EXTREME LEFY WILL LIKELY PICK UP THIS DEMME AS WELL. OTHER REGIONAL MEIGHBORS AND THE OVER-MALDER POLITICAL GROUPS WILL INTERPRET IT AS A MELCOME CONTRIBUTION TO THE LEGITIMATE SECURITY MEEDSTOP THE COUNTRY.

G. HUMAN RIGHTS

COSTA RICALIS AND HAS BEEN FOR DECADES. A

STATE PASS AID. ONB. ACDA

E 0. 12356 OECL DADG OSTAROSTNI DENG SAMPERSEEN VIIRUSE TOSUBUS COSTAROSTNI DIMMA SOMEREISEM VIIRUSE TOSUBUS

SUBJECT SECURITY ASSISTANCE AMMAL INTEGRATED

FUNCTIONING CONSTITUTIONAL DEMOCRACY WHERE SCRUPULOUS

ATTENTION IN BOTH PUBLIC AND PRIVATE INSTITUTIONS 15.

ATTENTION IN BOTH PROTECTION OF BASIC HUMAN RIGHTS. THE

MATION IS AN ACTIVE PARTICIPANT AND SPONESMAN IN

INTERNATIONAL FORM FOR THE PROMOTION OF IMPROVED

DESERVANCE OF ALL HUMAN RIGHTS PRINCIPLES. THE

SECURITY FORCES ARE NOT ONLY THE GUARDIANS OF

MATIONAL SOVEREIGNITY BUT ARE SCHOOLED NO EXPECTED TO

CHONSTRATE. IN THE EXERCISE OF THEIR DUTY, AN AWARE
NESS OF THE RIGHTS OF ALL INDIVIOUALS. THE ONLY SERIOUS

THREATS TO HUMAN RIGHTS IN RECENT HEARS HAVE ORIGINATED

FROM TERRORIST GROUPS BASED OUTSIDE COSTA RICA. THE

LIMITED U.S. SECURITY ASSISTANCE CONTEMPLATED IN THIS

PROCRAM VILL BE USED BY INSTITUTIONS STRONGLY INSUED

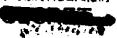
WITH A TRADITIONAL RESPECT FOR HUMAN RIGHTS. TO THE

EXTENT THAT IT ENHANCES PUBLIC SECURITY FORCES.

ABILITY TO PROTECT THE COUNTRY'S CITIZENS FROM TERRORIST

AND OTHER LANGES ELEMENTS AND FROM BORDER INCURSIONS.

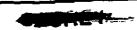
U.S. SECURITY ASSISTANCE WILL STRENGTHEN HUMAN RIGHTS.







MORI DocID: 756976



222 NC 6"34994 46 45

DESERVANCE IN COSTA MICA

HILLIARY SESSESSANCE ENDM OTHER SOURCES

- 111 ISRAEL PROVIDED IN 1987 SOC EACH UZ1 SMG. SCC GALIL ASSAULT RIFLES. AND 100 TACETAN PROCIDE TIDENTICAL IN APPEARANCE AND DEBRAIDH TO USC ANTOCCTT RADIOS. TERMS ARE NOT HOROW, BUT LIKELY A CRANT OR RADIOS. TERMS ARE NOT HOUSE LONG TERM CONCESSIONAL LOAM.

121. VENETUELA PROVIDED IN 1982 TOO EACH M-14
SEMI-AUTOMATIC REFLES IN AVERAGE CONDITION AND APPROXIMATELY 100 EACH M-18'S IN GOOD CONDITION. MEAPONS
ARE SUPPOSEDLY "LOAMED", ALTHOUGH THE END RESULT WILL
LIKELY BE & GRANT.

131. FRG MAS DELIVERED THIS YEAR ON 2.000.000 IN EQUIPMENT CONSISTING OF POLICE RADIO COMMUNICATIONS AND APPROXIMATELY 20 8MY POLICE MOTORCYCLES.

- (4). ROMANIA GRANTED IN 1984 5,000 SETS OF CAMOUFLAGE FIELD UNIFORMS. COSTA RICA PAID TRANSPORT FEES.

- 151. SOUTH MOREA GRANTED IN 1984 POLICE RADIO-PATROL CARS -- APPROXIMATELY 30 EACH.

- (6) TAIWAN, VENEZUELA, AND POSSIBLY SOUTH KOREA HAVE PROVIDED SOME POLICE AND POLITICAL-MILITARY TRAINING OUT-OF-COUNTRY.

17). PANAMA HAS PROVIDED BOTH IN-COUNTRY
POLICE-MILITARY TRANING LAPPROXIMATELY 300 INDIVIDUALS
IN 1963 AND 150 IN 19841 PLUS DUT-OF-COUNTRY INTELLIGENCE TRAINING AND THE TRAINING OF AT LEAST ONE HELICORTER BILDT

TRAINING IN 1985

BUDGET LEVELS ETOTALS IN MILLIONS!

#### MINIMUM LEVEL

	87	64	<b>e</b> 9	10	_ 91
ESF .	. 170	180	180	180	180
MAP	1 45	1 5	2.05	180 2,775	3 1
TOTAL	171.45	181.5	182.05	182,775	183.1
		COMO	CIMULTS I	EUEI	

87 STATE PASS AID. ONB. ACDA

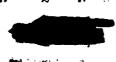
DECL CADE

E.O. 12356: D TAGS: MASS CS SUMUECT: SECU SECURITY ASSISTANCE ANNEIAL TATECRATED

EST 200 2.1

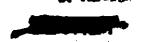
202.1 203.4 204.325

### ENHANCED LEVEL





UNCLASSIFIED



85 6774994 SSR					R &	NC 6734994
ESF	200 3. 1	200 3 . 4	200 4. 1	200 5.4	200 5.6	
TOTAL	203. f	203.4	204. (	205.4	205.6	

### J. PROJECTED PURCHASES AND SUPPORT:

INASMUCH AS WE WILL BE ENTERING A SUSTAINABILITY PHASE, I.E. PURCHASING SPARES, SPARE PARTS,
AND TRAINING DURING THE PERIOD OF THIS REPORT WE HAVE
TAKEN THE LIBERTY TO SOMEWHAT MODIFY THE FORMAT OF
THE TABLES REQUIRED IN THIS PARAGRAPH. ALL OF THE
PURCHASES ARE ANTICIPATED UNDER MAP AND ALL ARE VALID
IN OUR VIEW. WHAT FEW END ITEMS REQUIRED ARE EXPLAINED
IN FOOTNOTES.

FY 1987

PQ[00]7	Y DEFENSE	MINIMUM	CONTINUETY	ENMANCED
REBAUM	ARTICLE	LEVEL	LEVEL	LEVEL
1	AVIATION TRAIN-	300K	320×	32CK
-	ING (A)			
. 2	VEHICLULAR MAIN	IT 125K	153K	150K
3	MIT 'TAT	330K	405K	56CK
4	WPNS MAINT	\$0x	50×	100K
5	COMMO MAINT	1004	150K	150K
6	MOITSNUMMA		400K	900×
7	PERS EQUIP	32 <b>0</b> 4	400K	600×
•	TRANSPORTIEL	225K	225K	32CK
-	TOTALS	1 454	2.18 .	7 J. iM
40755				è

TATE PELOT AND MECHANIC TRAINING IN SENTEND RE

(8). VEHICLES LITHUCHS OR BUSEST FOR RURAL AND CIVIL GUARD TRAINING ACADAMIES.

PRIORITY NUMBER	DEFENSE ARTICLE	LEAE! MENERTH	CONTINUETY	LEVEL LEVEL
•	AMERITION	200W	5001	1250K
2	AVIATION MAINT	150K	150K	150K
3	COMMO REPAIR	100K	200×	275K
4	YPHS MAINT	100K	150×	15CK
5	CERS COULD	200K	500×	600K
•	VEH MAINT	125K	129K	1504
-	PAT BOAT MAINTIA	1 300x	4COK	400K
	MET, PAT	325K	275K	409K
•	101265	1 54	2.79	3.48

### NOTES

CURRENT OCEAN PAT EDAT MAINTENANCE PADIAGE COVERS

FY 1985

PRIORITY DEFENSE MINIMAL COMMITTY ENHANCED





4 44 44 44						
E5 67349	194 SSC			- 65	VC 6734994	
MARER	ARTICLE	LEVEL	LEVEL	LEVEL		
•	AMPLIFIEDS	\$00	*000×	1300×		
2	AVIATION MAINT	150×	15CK	15CH		
3	THISM TAGS TAG	300×	300×	300K		
STATE PA	55 410. DMB. 4004	•		,		
TAGS.	S6 DECL DADR ASS CS SECURITY ASSIST	THEE TH	MJAL ENTEGR	ATED		
4	COMMO PURCHASEL	A1 200K	400K	400K		
5	WHIS MAINT	154	75K	75K	-	
6	PERS EQUI-	225k	500K	800×		
7	WEH MAINT	75K	140K	170K		
8	PAT BOAT MAINT	300×	400K	400K		
9	MIT/TAT	225K	435K	505×		
•	FOTALS	2 054	3 44	4 14		
NO1ES				•	` <u>_</u> _ <b>*</b>	

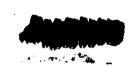
•				
PRIDRIT: NUMBER	DEFENSE ARTICLE	HINIMUM	CONTINUITY	LEVEL ENHANCED
1	AMPLINITION	, ,750K	100004	12504
2	HONS PURCHASED	A1 225K	500× 🖔	500×
<b>j</b>	SPHS MAINT	50x	79K	100K
4	VEHTCLE PURCHAS	SE 500×	1000	1250X
5	PAT BOAT MAINT	300×		500×
6	COMO PURCHASE	C) 200×	xxx <sup>⁴</sup>	500K
y	MFT/TATS	200×	250×	_ 400K
	PERS EQUIP	350K	500K	600k
•	AVIATION MAINT	300×	300×	<b>300</b> K
•	TOTALS	2.1754	4 1254	5,44

## NOTES:

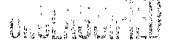
- (A) REPLACEMENT OF UNSERVICEABLE VEAPONS PURCHASED IN FY 84-85.

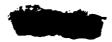
  (B) REPLACEMENT OF UNSERVICEABLE WHEELER W TILES PURCHASED IN FY 85.

  (C) REPLACEMENT OF UNSERVICEABLE COMP \*\* 45ED FY 84-85.









85 673499	14 SSA	†Q4	<u>.</u>	4 45	NC 4734994
PRIORITY NUMBER	DEFENSE ARTICLE	MINIHUM LEVEL	CONTINUITY	EN-MVCEO	
•	MALNITIONS	600	1200K	15004	
2	AIRCRAFT MAINT	400K	500K	- 500K	
3	PAT BOAT MAINT	400K	500K	500K	
4	COMMO MAINT	100×	200K	300K	
5	PERS EQUEP	400×	500X	75QK	
•	VEH PURCHASES	500K	100K	(100K	
7	VEAPONS	225×	400K	400K	
8	MTT/TAT	275K	400K	550K	
:	TOTALS	3, 1M	4 7M	5 . 6M	

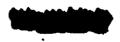
K. LOGISTICS CAPABILITY

STATE PASS AED. OHB. ACDA

C.O. 12356 DECL DADR TAGS MASS CS SUBJECT SECURITY ASSISTANCE AMUJAL INTEGRATED

COSTA RICA IS NOT PRESENTLY LOGISTICALLY SOLAD ALTHOUGH WE HAVE MADE CONSIDERABLE AND MEASURABLE PROGRESS TO DATE IN TRAINING OF MAINTENANCE AND LOGISTICAL PRESENTAL. THE ECONOMIC CONDITIONED THE COUNTRY OCES AND WILL HAMBER THEIR CAPABILITY TO SUPPORT EQUIPMENT. WE OUTLINED IN PREVIOURLY IASA'S THE REQUIREMENT TO SURGE EQUIPMENT PROMISSIS IN F. 84-85 AND TO SUSTAIN SAME IN THE OUTLINED IN PREVIOURLY IASA'S ACCOMPLISHED THE FORMER, AND OUR FY 86 BUDGET REQUEST IN ADDITION TO THE PROGRAM OUTLINED IN THIS AISA' FOR FY 87-91 ADDRESSES THE LATTER. SPECIFICALLY WE ARE LOOKING TO SUPPORT THROUGH CONTINUED TRAINING. SPARE. AND SPARE PART PURCHASES THE FOLLOWING MAJORIEM.

- 4 E4 65" PAT BOATS
- 1 EA 105" PAT BOATS
- 2 E4 34" PAT 60415
- 1 EA 42" PAT BOAT
- -13 EA 18" BOSTON WHALER REVER PAT EDATS
- 4 E4 CESSNA 208 W-EOLO
- 2 EA HURHES SCO E HELD
- TI EA HUGHES \$30 F HELD
- 200 EA PRC -7'S
- -15 EA SUNAIR W RADIOS
- E EA RACAL HF RADIUS
- -50 EA DATG-TEC GATA PREVACE EGUEPMENT







65 6734994 550

NC 6734994

44 45

3"50 (4 MIG A. F.S

TO FA MISO'S

. ...

-62 E4 SO CAL EINCLUCES TO E4 ON PAT EDATS:

-30 EA 90 MM

260 FA M 20311

-35 EA 81 MM

174 EA VEHILLES

L. NOT APPLICABLE

#### M ESF JUSTIFICATION

CONOMIC SUPPORT FUND ASSISTANCE PROVICES
DOLLAR RESOURCES TO FINANCE THE IMPORTATION FROM THE
U.S. OF ESSENTIAL RAW MATERIALS, INTERMEDIATE GOODS,
SPARE PARTS, AND OTHER IMPUTS NEED TO MAINTAIN
AGRICULTURAL AND INDUSTRIAL PRODUCTION. ELIMIMATION
OF THE PLANNED RESOURCE INFLOW (\$200, MILLION FOR FY
19871 WOULD ENTAIL APPROXIMATE 15 PERCENT REDUCTION
OF REAL INCOMES IN COSTA RICA WITH PROBABLE ADVERSE
CONSEQUÊNCES FOR MAINTENANCE OF DEMOCRATIC PROCESSES
AND FOR THE INVESTMENT CLIMATE NEEDED FOR RESUMPTION OF
SOUNDLY-BASED ECONOMIC GROWTH OUT TO THE RELATIVELY
ADVANCED LEVEL OF PUBLIC SERVICES AND PHYSICAL INTRASTRUCTURE PRESENTLY ATTAINED BY COSTA RICA AS WELL
AS THE AVAILABILITY OF PROJECT-TYPE ASSISTANCE FROM
OTHER DONORS, INCLUDING THE 108, RELIANCE ON THE

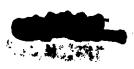
STATE PASS AID. OHB. ACDA

E.O. 12356 DECL DADR : 1
1AGS MASS CS
SUBJECT SECURITY ASSISTANCE ANNUAL INTEGRATED

PROJECT ASSISTANCE ALONE WOULD PRECLUDE THE MACHITUDE OF RESOURCE INFLOWS NEEDED TO MANDLE COSTA RICA'S PRESENT AND ANTICIPATED BALANCE OF PAYMENT DEFICITS.

DURING THE MONGE ADMINISTRATION (1982-1986)

COSTA' RICA HAS MADE NOTABLE PROGRESS IN STABILIZATION.
THE GOCH MEGOTIATED AND MET AN INF STABILIZATION.
THE GOCH MEGOTIATED AND MET AN INF STABILIZATION.
PROGRAM IN 1983, AND WHILE SUBSECUENT MEGOTIATIONS WERE
NOT CONCLUDED UNTIL EARLY 1985, TARGETS PROPOSED
FOR THE END OF 1984 WERE APPROXIMATED. THE RATE OF
INFLATION HAS BEEN REDUCED FROM RATES IN EXCESS OF
100 PERCENT PER ANAMI IN 1981 AND 1982 TO RATES
CURRENTLY AT LESS THAN 20 PERCENT PER ANAMI; THE
FIMMICIAL DEFICIT OF THE NON-FINANCIAL PUBLIC SECTOR
MAS BEEN REDUCED FROM 14.3 PERCENT IN 1981 TO 9.0 PERCENT
IN 1982 TO 3.4 PERCENT IN 1982, AND AN ESTIMATED 3.5
PERCENT IN 1984; AND ON A PUBCHSTING POWER PARITY
BASIS IVIS-8-VIS THE U.S.) THE EXCHANGE RATE IS MEARLY
THE SAME AS A DECADE ACO, I.E. REFORE THE ECONOMIC
CRISIS. IN 1985 THE GOCH HAS MOVED TO THE SECOND
PHASE OF ECONOMIC RECOVERY, THAT IS WITH RELATIVE SUCCESS
IN THE STABILIZATION EFFORT WHICH BEEAN IN 1982, THE
PROGRAM CONTENT AND CONDITIONALITY IS NON SHIFTING TO
ECONDHIC REFORM. AS WELL AS UNDERPINNING COSTA RICA'S
BALLANCE OF PAYMENTS. THE LOCAL CURRENCY COUNTERPART OF
FY 1985 ESF RESOURCES IS ORIENTED TO ASSISTING THE



00 19 409

INCLASSIFIED

UNGLABBITLE COMPANY

85 6734984 SS

NC 6734994

COCR WITH THE DIVESTITURE OF CODESA. THE LARGE COVERMENT HOLDING COMPANY FOR INDUSTRIAL ENTERPRISES. FINAL APPROVAL OF A STRUCTURAL ADJUSTMENT LOAN FROM THE ISRO TO THE COCR IS EXPECTED SHORTLY. THIS SAO MILLION SAL IS SLATED TO BE THE FIRST OF THREE SUCH LOANS, WITH CONDITIONALITY REQUIRING THE REDUCTION OF HIGH TARLEF PROTECTION AND OF ELIMINATING PUBLIC SECTION WASTE. APPROVAL IS ALSO EXPECTED SHORTLY FOR AN IMP STANDBY WHICH IS AN ESSENTIAL PRIOR CONDITION FOR A 575 MILLION LOAN FROM FOREIGN COMMERCIAL BANKS AND FOR 1985 PARTS CLUB DEBT RESCHEDULING.

WE ANTICIPATE THAT THE NEED FOR BALANCE OF PAYMENT SUPPORT RESOURCES AND FOR DEST RESO-EDULING WILL CONTINUE THROUGH FY 1987 AND POSSIBLY THROUGH THE REMAINDER OF THE DECADE. HOWEVER, THIS NEED MAY SE TEMPERED BY SEVERAL EVENTS IN COMING YEARS, E.G. IMPROVED MORED MIRKET CENDITIONS FOR COSTA BICA'S MAJOR EXPORTS, COFFEE AND BANANAS, SUCCESS IN EXPANDING EXPORTS OF MONTRADITIONAL GOODS, FAVORABLE INTEREST MAT THE RESPONSE OF POTENTIAL FOREIGN INVESTORS TO INVESTMENT IN COSTA RICA. PRULIC SECTOR EXTERNAL DEST SERVICE RATIOS PROJECTED BY THE JAF IN 1984 FOR THE PERIOD 1985-1989 EXCEED FIFTY PERCENT OF FOREIGN EXCHANGE EXPRINESS FROM EXPORTS OF GOODS AND NON-FACTOR SERVICES. THE RESCHEDULING RECENTLY ACREED TO BY FOREIGN COMMERCIAL BANKS AND RESCHEDULING OF OFFICIAL LUDANS TO BE DISCUSSED SOON AT THE PARIS.

THE PROVIDE RELIEF FOR 1985 AND 1986 AND WILL INCREASE SIGNICE PROJECTED FOR FUTURE YEARS. THEREORE, WE CONSIDER THAT FURTHER PARIS CLUB AND COMMERCIAL BANK RESCHEDULINGS ARE LIKELY IN 1987. THE DEVELOPMENT STRATEGY WHICH THE INTERNATIONAL LENDERS ARE SUPPORTING IS DESIGNED TO REDRIENT COSTA RICA'S ECONOMY FROM 175 PRESENT IMPORT-SUBSTITUTION BIAS TO OME IN WHICH PRESENT IMPORT-SUBSTITUTION BIAS TO OME IN WHICH PROPERSINESTITUTION BIAS TO OME IN WHICH ECONOMIC GROWTH IS GENERATED THROUGH HIGHER EXBORTS OUSTIDE OTHER CENTRAL AMERICAN REGIONS

N. NOT APPLICABLE.

JONES
END OF MESSAGE

SECRET



